

STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
DIVISION OF REVENUE  
601 DELAWARE AVENUE  
WILMINGTON, DELAWARE 19899  
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PERSONAL INCOME TAX

- Computation of Tax

QUESTION: The Internal Revenue Code of 1954, as amended allows taxpayers to compute the tax due using various savings rates. Will the State of Delaware allow the same privilege?

The tax computations include:


- (1) Joint Return
- (2) Income Averaging
- (3) Alternative Tax
- (4) Low Income Allowance

The new personal income tax law contemplates one tax rate for all taxpayers. There is no separate computation for taxpayers filing joint returns.

Income Averaging is a tax computation which applies for federal tax purposes where the Net Taxable income in this current year is \$3,000 over the average Net Taxable income over the past four years. There is no provision for this type of tax computation in the state individual tax law.

Alternative Tax computation applies under federal law when the long term gains increase the income to a point where the tax would exceed 50%. Net long term capital gains are taxable the same as other income in 1971 and there is no provision for any such benefits under state law.

Low Income Allowance is one made on the federal return in determining the federal taxable income. There is no provision in the state personal income tax law for this benefit.

  
J. H. Kennedy  
Director of Revenue

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